

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

June 4, 2004

IN RE:

**PETITION FOR APPROVAL OF THE MERGER OF
NEWSOUTH HOLDINGS, INC. AND NUVOX, INC.**

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**DOCKET NO.
04-00082**

ORDER APPROVING TRANSACTIONS

This matter came before Chairman Deborah Taylor Tate, Director Pat Miller, and Director Ron Jones of the Tennessee Regulatory Authority (the "TRA" or "Authority"), the voting panel assigned to this Docket, at the April 26, 2004 Authority Conference for consideration of the Application filed by NewSouth Holdings, Inc. ("NewSouth") and NuVox, Inc. ("NuVox") requiring TRA approval under Tenn. Code Ann. § 65-4-113.

Statutory Framework

Tenn. Code Ann. § 65-4-113 requires a public utility to obtain prior TRA approval to transfer its authority to provide utility services in Tennessee (also known as its "CCN"). Tenn. Code Ann. § 65-4-113(a) reads as follows:

No public utility, as defined in § 65-4-101, shall transfer all or any part of its authority to provide utility services, derived from its certificate of public convenience and necessity issued by the authority, to any individual, partnership, corporation or other entity without first obtaining the approval of the authority

Tenn. Code Ann. § 65-4-113(b) includes the standards by which the TRA shall consider an application for transfer of authority, in pertinent part, as follows:

Upon petition for approval of the transfer of authority to provide utility services, the authority shall take into consideration all relevant factors, including, but not limited to, the suitability, the financial responsibility, and capability of the proposed transferee to perform efficiently the utility services to be transferred and the benefit to the consuming public to be gained from the transfer. . .

Background

NewSouth is the parent company of NewSouth Communications Corp. ("NCC") which was certificated to provide telecommunications services in the state of Tennessee on November 24, 1998 in TRA Docket No. 98-00325. NuVox is the parent company of NuVox Communications Inc. which received its certification to provide telecommunications services in the state of Tennessee on February 22, 2000 in TRA Docket No. 98-00806. NuVox Communications Inc. is not directly impacted by the proposed transactions.

The Application

In the Application, which was filed with the TRA on March 8, 2004, the Parties outline a transaction in which both NewSouth and NCC will become wholly-owned subsidiaries of NuVox. After completion of the merger, direct ownership of NCC will remain with NewSouth, and NCC will retain direct ownership of its CCN and will continue to be the actual provider of telecommunications services. However, because of the change in ultimate ownership of both NewSouth and NCC, the merger will result in a *pro forma* transfer of NCC's CCN.

Upon completion of the merger, NuVox Communications Inc. and NCC will each continue to provide telecommunications services in the state of Tennessee in their respective territories pursuant to a common customer focus and facilities-based service strategy. The merger should not create any change in management of either certificated company or in the rates, terms, or conditions of service to Tennessee customers. Even so, customers have been notified of the impending merger and will be notified of its completion. Through the merger, the Parties intend to enhance the financial and technological capabilities of the companies so they may compete more effectively in the telecommunications marketplace.

The April 26, 2004 Authority Conference


At the April 26, 2004 Authority Conference, the Directors voted unanimously to approve the Application pursuant to a finding of compliance with the requirements of Tenn. Code Ann. § 65-4-


113

IT IS THEREFORE ORDERED THAT:

- 1 The Application is hereby approved.
2. The proposed *pro forma* transfer of NCC's CCN as described in the Application and discussed herein is approved


Deborah Taylor Tate, Chairman


Pat Miller, Director


Ron Jones, Director